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STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

- [1](#)1. Mideast
- [1](#)2. Iran
- [1](#)3. U.S.-Israel Relations

Key stories in the media:

All media reported that Egypt and Hamas announced on Tuesday that a
cease-fire (tahdiya) between Israel and the Palestinians in the Gaza

Strip will go into effect at 6 A.M. tomorrow. Media reported that negotiations over the release of Gilad Shalit will resume on Sunday.

Israel may reopen the Rafah border crossing between Egypt and Gaza. (Some media reported that this is a done deal.) Israel Radio reported that while PM Ehud Olmert and Defense Minister Ehud Barak approved the agreement, senior ministers and the IDF were skeptical that it would hold up. Defense Ministry official Major General (res.) Amos Gilad left yesterday for Cairo to conclude the final agreement. Makor Rishon-Hatzofe and Israel Radio quoted Vice PM Haim Ramon as saying that the accord constitutes a victory for radical Islam. Right-wing politicians were quoted as saying that the accord represents a legitimization of Hamas. Israel Radio reported that Syrian FM Walid Muallem commended the truce.

Israel Radio reported that White House and State Department spokespeople expressed doubts about the tahdiya. The radio said that State Department Spokesman Tom Casey was more optimistic than his White House counterpart.

Major media reported that at least seven Palestinians were killed yesterday in three IAF strikes in Gaza that seemed to target the radical Army of Islam organization, which was involved in Shalit's kidnapping. Eight Qassam rockets landed in the western Negev this morning.

Ha'aretz reported that the U.S. has begun mediating between Israel and Lebanon in an effort to resolve their dispute over Sheba Farms in the hope that they would then start peace talks. Ha'aretz reported that President Bush and Secretary of State Condoleezza Rice informed PM Olmert of this during his visit to Washington two weeks ago, and that Rice repeated it during her visit here earlier this week. Ha'aretz quoted a senior Israeli official as saying that Rice gave Lebanon a message from Olmert on this issue on Monday. Ha'aretz quoted the London-based Arabic daily Al-Hayat as saying yesterday that during her brief visit to Beirut on Monday, Rice told Lebanese officials that the U.S. was working to obtain an Israeli withdrawal from Sheba. "Our efforts are continuing, and will be stepped up in the coming weeks," Al-Hayat quoted Rice as saying. The Jerusalem Post reported that a senior IDF Intelligence officer told the Knesset's Foreign Affairs and Defense Committee yesterday that since the end of the Second Lebanon War, Hizbullah has amassed an underground military infrastructure under the noses of UNIFIL.

The Jerusalem Post quoted Fatah officials as saying that PA President Mahmoud Abbas is planning to visit Gaza for the first time since Hamas's violent takeover of the area.

The Jerusalem Post reported: "U.S. Ambassador Richard Jones is scheduled to leave his post on July 11, even though it is not yet clear when -- and even if -- his announced replacement, James Cunningham, will arrive."

The Jerusalem Post quoted a senior IDF commander as saying yesterday that the Civil Administration in the West Bank has negotiated a deal with a number of Palestinian villages in the Qalqilya region in which dirt roadblocks cutting off their access to nearby cities and roads would be lifted in exchange for the cessation of local terror activity.

Ha'aretz reported that two senior officials in the Civil Administration allegedly illegally collaborated with Jewish land dealers to take over land in the West Bank, according to an indictment issued yesterday in the Jerusalem District Court. Lt. Col. Yair Blumenthal and Maj. Ehud Brosh have been charged with taking bribes and favors from the dealers, brothers Yosef and Yaakov Amram. Blumenthal, who headed of the Civil Administration's infrastructure department, is charged with helping the brothers further fraudulent business deals by providing them with internal documents and equipment belonging to the Civil Administration in exchange for over \$40,000. The land is said to have been used to expand settlements in the Jericho and Hebron areas.

Various media reported that President Shimon Peres left for Petra today for a meeting of Nobel Prizewinners and a meeting with King Abdullah II. The radio quoted the King as saying that Israel is delaying the two-state vision.

The Jerusalem Post reported that "in a surprising show of right-wing

strength," 42 Knesset members -- including coalition members -- signed onto a bill Tuesday that would allow settlers to return to the sites of the four northern West Bank settlements evacuated during the 2005 disengagement. The bill is unlikely to pass.

All media reported that Bank Leumi Britain CEO Menachem "Miki" Friedman was arrested yesterday morning on suspicion of fraud and bribery of involving loans worth 25 million shekels (around \$ 7.5 million) during his tenure as the bank's central branch manager. Thirteen other prominent businessmen suspected of involvement in the bribery, including the CEO of a furniture company, a former soccer player, owners of well-known Tel Aviv restaurants, and the CEO of an airline, were arrested along with Friedman. Suspicions concerning bribery and irregularities in the granting of bank loans relate to just a few months during 2007, toward the end of Friedman's five-year tenure as branch manager.

Ha'aretz reported that yesterday visiting Los Angeles Mayor Antonio Villaraigosa and Tel Aviv Mayor Ron Huldai signed a cooperation agreement for the rehabilitation of rivers.

I1. Mideast:

Summary:

Senior Middle East affairs analyst Zvi Bar'el wrote in the independent, left-leaning Ha'aretz: " Hamas has ... succeeded in using the truce to create an internal political front -- and even more importantly, to gain the Arab world's recognition of its status."

Security and intelligence affairs commentator Amit Cohen wrote in the popular, pluralist Maariv: " Hamas, which has exclusive control of Gaza, stands to gain significantly from the implementation of the cease-fire, but may also pay the price for its violation."

Military correspondent Alex Fishman wrote on page one of the mass-circulation, pluralist Yediot Aharonot: " Both weak governments on either side of the fence in Gaza have an interest in [the truce's] success. Only one party has an interest in sabotaging this story: the Iranians."

Uri Elitzur, who was director of former prime minister Benjamin Netanyahu's bureau, wrote in the editorial of the nationalist, Orthodox Makor Rishon-Hatzofe: " It is clear that this isn't a cease-fire in exchange for a cease-fire, but capitulation to violent extortion -- of the 'offer you can't refuse' kind from gangster stories."

Block Quotes:

II. " Hamas in Charge"

Senior Middle East affairs analyst Zvi Bar'el wrote in the independent, left-leaning Ha'aretz (6/18): " The main points of a cease-fire between Israel and Hamas grant the Islamic organization a political and diplomatic achievement that will also give it a lever in its reconciliation talks with Fatah, which are slated to begin at the end of this week.... Israel will receive quiet in the south, along with an Egyptian pledge to monitor the border closely, but Hamas will be the main party in control of the Rafah crossing. Palestinian Authority officials and European observers will be present, but both will have limited authority. Moreover, the truce gives Hamas, rather than PA President Mahmoud Abbas, the power to force a cease-fire in the West Bank: If quiet is maintained in the south, Israel will have to extend the truce to the West Bank in another six months.... Hamas has also succeeded in using the truce to create an internal political front -- and even more importantly,

to gain the Arab world's recognition of its status."

II. "Relative Calm"

Security and intelligence affairs commentator Amit Cohen wrote in the popular, pluralist Maariv (6/18): " Hamas, which has exclusive control of Gaza, stands to gain significantly from the implementation of the cease-fire, but may also pay the price for its violation. Hamas figures are optimistic about their chances of breaking the siege on the Gaza Strip. This step is of immense significance, not only economically, but mainly for morale. If the crossings open, Hamas will be able to tell its supporters: Our persistence has paid off, we didn't yield and made Israel back down.

Conversely, if the agreement collapses, the chances of a large-scale military operation increase. Hamas has prepared for such an operation and believes that it will be able to survive it, but it is not interested in such a development. This is the reason that Hamas will try to the best of its ability to rein in the other organizations, but without appearing as if it is infringing upon their right to act against Israel. Unsurprisingly, the Palestinian Authority was the most worried party yesterday.... [PA officials] know that a cease-fire, if it is implemented seriously, will reduce even further the chances of collapsing the Hamas regime in Gaza. This is the reason that Palestinian security officials repeatedly warn that Hamas intends to take advantage of the cease-fire to arm itself, strengthen its abilities even further and prepare for the next round."

III. "Alliance of the Weak"

Military correspondent Alex Fishman wrote on page one of the mass-circulation, pluralist Yediot Aharonot (6/18): "Starting on Thursday at 6:00 A.M., Israel is giving Hamas recognition as a legitimate player in Palestinian and regional politics. In exchange, it is receiving calm for a certain period of time for the residents of the Gaza perimeter. This, in essence, is the deal that we have made with the Egyptians. Everyone complains about this arrangement. They say that it's bad, that it won't last, and that it is fragile. But this arrangement is taking form for one reason: Both weak governments on either side of the fence in Gaza have an interest in its success. Only one party has an interest in sabotaging this story: the Iranians. They will make an effort to dismantle the package by means of Islamic Jihad. Here Hamas will be put to the test: Is it indeed an Iranian extension, or is it only using Iran for its own needs? Until then, what happened and will happen in the 24 hours prior to the truce is a game: Who will come out more of a man, who will give the last blow and who will fight until the last moment for his terms. This is how Hamas is behaving, this is how we too are behaving."

IV. "An Agreement with Gangsters"

Uri Elitzur, who was director of former prime minister Benjamin Netanyahu's bureau, wrote in the editorial of the nationalist, Orthodox Makor Rishon-Hatzofe (6/18): "The price that Israel has agreed to pay Hamas for the cease-fire is still unknown. Perhaps it is turning a blind eye to smuggling of heavy weaponry into the Strip; perhaps it is money; perhaps it the opening of crossings from Gaza to Judea and Samaria [i.e. the West Bank]. Anyway, it is clear that this isn't a cease-fire in exchange for a cease-fire, but capitulation to violent extortion -- of the 'offer you can't refuse' kind from gangster stories. Giving in to blackmail will never bring durable peace, because it is absolutely obvious that the blackmailer will try his luck again. As the Romans said, 'If you want peace, prepare for war.' It was possible to reach a simple, mutual, and durable cease-fire, had Israel shown determination to fight the Qassam rocket fire until it was overcome."

12. Iran:

Summary:

The conservative, independent Jerusalem Post editorialized: "Even the U.S., with the best of intentions, has not found it easy to impose a comprehensive sanctions regime [on Iran]. Which is why we

applaud U.S. Senator Max Baucus for his efforts to plug existing loopholes in American law."

Block Quotes:

"Prodding the Glacier"

The conservative, independent Jerusalem Post editorialized (6/18): "The glacial pace at which Europe has been working to get Iran to end its enrichment of uranium and give up its nuclear weapons program is slowly picking up. Britain and Europe are expected to freeze the assets of Bank Melli, the Islamic Republic's main financial conduit to the world and its channel for cash transfers to Hamas and Islamic Jihad. The EU is also weighing sanctions against companies that invest in Iran's energy industry. For its part, Iran has reportedly begun shifting cash out of European banks -- \$75 billion so far.... [But] Europe is thus still instrumental in keeping Teheran's economy afloat, yet it is doing precious little to explicitly isolate Iran. Regular international flights to the Islamic Republic still take off from most major European airports, and European countries maintain active embassies in Tehran.... Even

the U.S., with the best of intentions, has not found it easy to impose a comprehensive sanctions regime. Which is why we applaud U.S. Senator Max Baucus for his efforts to plug existing loopholes in American law."

13. U.S.-Israel Relations:

Summary:

Former Ambassador to the U.S., former Minister of Foreign Affairs, and former Minister of Defense Moshe Arens wrote in the independent, left-leaning Ha'aretz: "No one has been as blatant as Olmert when he declared that the next [U.S.] administration would not be as friendly to Israel as the present one.... If at all, the contrary should have been said: We expect the relationship with the next administration, regardless of who is elected president of the United States, to be even better."

Block Quotes:

"Apres Moi le Deluge"

Former Ambassador to the U.S., former Minister of Foreign Affairs, and former Minister of Defense Moshe Arens wrote in the independent, left-leaning Ha'aretz (6/18): "The U.S.-Israeli relationship is based on firm foundations of common values, ideals and strategic interests that do not depend on whether the administration in Washington is Republican or Democratic. The relationship is a major part of Israel's strategic posture and should not be impaired by Israeli politicians under any circumstances. Although some Israeli prime ministers have in the past made the unfortunate mistake of indicating their preference for one of the candidates in the American presidential elections, until now, no one has been as blatant as Olmert when he declared that the next administration would not be as friendly to Israel as the present one. That statement is certainly not likely to advance our country's relationship with the next administration. If at all, the contrary should have been said: We expect the relationship with the next administration, regardless of who is elected president of the United States, to be even better."

